



FEDERAL RESERVE SYSTEM

Proposed Agency Information Collection Activities; Comment Request

AGENCY: Board of Governors of the Federal Reserve System

SUMMARY: On June 15, 1984, the Office of Management and Budget (OMB) delegated to the Board of Governors of the Federal Reserve System (Board) its approval authority under the Paperwork Reduction Act (PRA), pursuant to 5 CFR 1320.16, to approve of and assign OMB control numbers to collection of information requests and requirements conducted or sponsored by the Board under conditions set forth in 5 CFR 1320 Appendix A.1. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. Copies of the Paperwork Reduction Act Submission, supporting statements and approved collection of information instruments are placed into OMB's public docket files. The Federal Reserve may not conduct or sponsor, and the respondent is not required to respond to, an information collection that has been extended, revised, or implemented on or after October 1, 1995, unless it displays a currently valid OMB control number.

DATES: Comments must be submitted on or before [insert date 60 days after publication in the Federal Register].

ADDRESSES: You may submit comments, identified by *FR 4010, FR 4011, FR 4012, FR 4017, FR 4019, or FR 4023* by any of the following methods:

- Agency Web Site: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/apps/foia/proposedregs.aspx>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail: regs.comments@federalreserve.gov. Include OMB number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, DC 20551.

All public comments are available from the Board's web site at www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room MP-

500 of the Board's Martin Building (20th and C Streets, N.W.) between 9:00 a.m. and 5:00 p.m. on weekdays.

Additionally, commenters may send a copy of their comments to the OMB Desk Officer—Shagufta Ahmed --Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235 725 17th Street, NW., Washington, DC 20503 or by fax to (202) 395-6974.

FOR FURTHER INFORMATION CONTACT: A copy of the PRA OMB submission, including the proposed reporting form and instructions, supporting statement, and other documentation will be placed into OMB's public docket files, once approved. These documents will also be made available on the Federal Reserve Board's public website at:

<http://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears below.

Federal Reserve Board Clearance Officer —Cynthia Ayouch--
Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, DC 20551 (202) 452-3829.

Telecommunications Device for the Deaf (TDD) users may contact (202) 263-4869, Board of Governors of the Federal Reserve System, Washington, DC 20551.

SUPPLEMENTARY INFORMATION:**Request for comment on information collection proposals**

The following information collection, which is being handled under this delegated authority, has received initial Board approval and is hereby published for comment. At the end of the comment period, the proposed information collection, along with an analysis of comments and recommendations received, will be submitted to the Board for final approval under OMB delegated authority. Comments are invited on the following:

- a. Whether the proposed collection of information is necessary for the proper performance of the Federal Reserve's functions; including whether the information has practical utility;
- b. The accuracy of the Federal Reserve's estimate of the burden of the proposed information collection, including the validity of the methodology and assumptions used;
- c. Ways to enhance the quality, utility, and clarity of the information to be collected;
- d. Ways to minimize the burden of information collection on respondents, including through the use of automated collection techniques or other forms of information technology; and

- e. Estimates of capital or start up costs and costs of operation, maintenance, and purchase of services to provide information.

Proposal to approve under OMB delegated authority the extension for three years, with revision, the following information collection:

Report title: Information Collections Related to the Gramm-Leach-Bliley (GLB) Act.

Agency form number: FR 4010, FR 4011, FR 4012, FR 4017, FR 4019, and FR 4023.

OMB control number: 7100-0292.

Frequency: On occasion.

Reporters: Bank Holding Companies (BHCs), foreign banking organizations (FBOs), state member banks (SMBs), and Savings and Loan Holding Companies (SLHCs).

Annual reporting hours: 1,884 hours.

Estimated average hours per response: FR 4010: BHC and SLHCs 3 hours, FBOs 3.5 hours; FR 4011: 10 hours; FR 4012: BHCs decertified as financial holding companies (FHCs) 1 hour, SLHCs decertified as a FHC 1 hour, FHCs back into compliance–BHC 10 hours; FHCs back into compliance–SLHC 10 hours, FR 4017: 4 hours; FR 4019: Regulatory relief

requests 1 hour, Portfolio company notification 1 hour; and FR 4023: 50 hours.

Number of respondents: FR 4010: BHC and SLHCs 29, FBOs 5; FR 4011: 5; FR 4012: BHCs decertified as FHCs 8, SLHCs decertified as a FHC 2, FHCs back into compliance–BHC 17; FHCs back into compliance–SLHC 3, FR 4017: 3; FR 4019: Regulatory relief requests 5, Portfolio company notification 2; FR 4023: 30.

General description of report: The FR 4010 is required to obtain a benefit and is authorized under Section 4(l)(1)(C) of the BHC Act, 12 U.S.C. § 1843(l)(1)(C); section 10(c)(2)(H) of the Home Owner’s Loan Act 12 U.S.C. § 1467a(c)(2)(H); section 8(a) of the International Banking Act, 12 U.S.C. § 3106(a); sections 225.82 and 225.91 of Regulation Y, 12 C.F.R. 225.82 and 225.91; and section 238.65 of Regulation LL, 12 C.F.R. § 238.65.

The FR 4011 is voluntary and is authorized under Sections 4(j) and 4(k) of the BHC Act, 12 U.S.C. § 1843(j) through (k); and sections 225.88, and 225.89, of Regulation Y, 12 C.F.R. 225.88, and 225.89.

The FR 4012 is mandatory and is authorized under Section 4(l)(1) and 4(m) of the BHC Act, 12 U.S.C. § 1843(l)(1) and (m); section 10(c)(2)(H) of the Home Owner’s Loan Act 12 U.S.C. § 1467a(c)(2)(H); section 8(a) of the International Banking Act, 12 U.S.C. § 3106(a); and sections 225.83 and

225.93 of Regulation Y, 12 C.F.R. 225.83 and 225.93; and section 238.66(b) of Regulation LL 12 C.F.R. § 238.66(b).

The FR 4017 is required to obtain a benefit and is authorized under Section 9 of the Federal Reserve Act, 12 U.S.C. § 335; and section 208.76 of Regulation H, 12 C.F.R. 208.76.

The FR 4019 is required to obtain a benefit and is authorized under Section 4(k)(7) of the BHC Act, 12 U.S.C. § 1843(k)(7); and sections 225.171(e)(3), 225.172(b)(4), and 225.173(c)(2) of Regulation Y, 12 C.F.R. 225.171(e)(3), 225.172(b)(4), and 225.173(c)(2).

The FR 4023 is mandatory and is authorized under Section 4(k)(7) of the BHC Act, 12 U.S.C. § 1843(k)(7); and sections 225.171(e)(4) and 225.175 of Regulation Y, 12 C.F.R. 225.171(e)(4) and 225.175.

For the FR 4010, FR 4011, FR 4017, FR 4019, and information related to a failure to meet capital requirements on the FR 4012, a company may request confidential treatment of the information contained in these information collections pursuant to section (b)(4) and (b)(6) of the Freedom of Information Act (FOIA)(5 U.S.C. 552 (b)(4) and (b)(6)). Information related to a failure to meet management requirements on the FR 4012 is confidential and exempt from disclosure under section (b)(4), because the release of this information would cause substantial harm to the competitive

position of the entity, and (b)(8) if the information is related to examination, operating, or condition reports prepared by, on behalf of, or for the use of an agency responsible for the regulation or supervision of financial institutions. Since the Federal Reserve does not collect the FR 4023, no issue of confidentiality under the FOIA arises. FOIA will only be implicated if the Board's examiners retained a copy of the records in their examination or supervision of the institution, and would likely be exempt from disclosure pursuant to FOIA (5 U.S.C. 552(b)(4), (b)(6), and (b)(8)).

Abstract: President Clinton signed the GLB Act into law on November 12, 1999. Final regulations implementing the GLB Act and mandating the subject information collections took effect in 2001. These data collections include:

Declarations to Become a Financial Holding Company (FR 4010). The BHC Act requires entities to file this declaration in order to be treated as FHCs.¹ The information contained in a FHC declaration is used by the Federal Reserve to ascertain whether the filer is eligible to become a FHC.

Requests for Determinations and Interpretations Regarding Activities

¹ 12 U.S.C. § 1843(l)(1)(C). Section 10(c)(2)(H) of the Home Owner's Loan Act, 12 U.S.C. 1467a(c)(2)(H), and Section 8(a) of the International Banking Act, 12 U.S.C. § 3106(a), respectively, make this requirement applicable to SLHCs and Foreign Banking Organizations (FBOs) seeking to be treated as FHCs.

Financial in Nature (FR 4011). The GLB Act authorizes the Federal Reserve, upon request or on its own initiative, to determine in conjunction with the Treasury Department that nonbanking activities are financial in nature, incidental to a financial activity, or complementary to a financial activity.² In addition, Regulation Y permits interested parties to request the Federal Reserve to issue advisory opinions that specific proposed activities fall within the scope of (or are incidental to) financial activities.³ To gather facts necessary to make determinations or issue opinions, the Federal Reserve must collect information from parties making such requests.

Notices of Failure to Meet Capital or Management Requirements (FR 4012). The BHC Act provides that a company is eligible for FHC status only if it and all of its subsidiary depository institutions (and in the case of a FBO, the foreign bank itself, and its U.S. branches, agencies, and commercial lending companies) are well managed and well capitalized. Regulations Y and LL require a FHC that falls out of compliance with these requirements to notify the Federal Reserve of the noncompliance.⁴ Notice of noncompliance triggers restrictions on the FHC's ability to engage in additional nonbanking

² 12 U.S.C. § 1843(k)(1). .

³ 12 C.F.R. 225.88(e).

⁴ 12 U.S.C. § 1843(l)(1); 12 C.F.R. 225.83(b)(1), 225.93(b)(1), and 238.66(b).

activities and commences a 45-day period for the FHC to submit plans to the Federal Reserve for curing the deficiencies and to execute a formal cure agreement with the Federal Reserve.⁵

Notices by State Member Banks to Invest in Financial Subsidiaries (FR 4017). The Federal Reserve Act and Regulation H require state member banks to obtain approval from the Federal Reserve prior to establishing, acquiring control of, or acquiring an interest in a financial subsidiary, and prior to engaging in additional financial activities through an existing financial subsidiary.⁶ The information contained in the notice is used by the Federal Reserve to ascertain whether the filer is eligible to establish a financial subsidiary.

Regulatory Relief Requests Associated with Merchant Banking Activities (FR 4019). Regulation Y generally limits holding periods for merchant banking investments to 10 years (15 years in the case of investments in or through private equity funds), but permits a FHC to request holding period extensions on a case-by-case basis.⁷ Information contained in the request is

⁵ 12 U.S.C. §§ 1843(m)(2) and 1467a(c)(2)(H)(ii), 12 C.F.R. 225.83(d) and 225.93(d).

⁶ 12 U.S.C. § 335 (applying the prior approval requirements of 12 U.S.C. § 24a(a)(2)(F)); 12 C.F.R. 208.76(a).

⁷ 12 C.F.R. 225.172(b), 225.173(c); 12 C.F.R. 225.172(b)(4), and 225.173(c)(2).

used to determine whether the request should be granted. The BHC Act also bars FHCs from routinely managing or operating portfolio companies held as merchant banking investments, except as necessary or required to obtain a reasonable return on investment. To help monitor compliance with this limitation, Regulation Y requires a FHC to notify the Federal Reserve if the FHC's routine management or operation of a portfolio company lasts longer than nine months.⁸ Information in the notice enables the Federal Reserve to monitor compliance with requirements for engaging in merchant banking activities.

Recordkeeping Requirements Associated with Merchant Banking Activities (FR 4023). Regulation Y requires companies engaging in merchant banking activities to establish and maintain policies, procedures, records, and systems for managing the activities and the risk associated with them and to make these materials available upon request to the Federal Reserve.⁹

Regulation Y also requires FHCs to document any routine management or operation of a portfolio company and to make this documentation available to the Federal Reserve on request.¹⁰ Examiners use this information to assess whether the FHC is conducting its merchant banking activities in a

⁸ 12 C.F.R. 225.171, 225.171(e)(3).

⁹ 12 C.F.R. 225.175.

¹⁰ 12 C.F.R. 225.171(e)(4).

safe and sound manner and whether the FHC is in compliance with applicable regulatory requirements for engaging in merchant banking activities.

There are no formal reporting forms for these collections of information, which are event generated, though in each case the type of information required to be filed is described in the Board's regulations. These collections of information are required pursuant to amendments made by the GLB Act to the BHC Act or the Federal Reserve Act, or Board regulations issued to carry out the GLB Act.

Current Actions: The Federal Reserve proposes to revise FR 4012 to include SLHCs, consistent with interim final Regulation LL (C.F.R. 238.66(b)).¹¹

Board of Governors of the Federal Reserve System, May 23, 2013.

Robert deV. Frierson
Secretary of the Board.
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¹¹ (76 FR 56508) September 13, 2011.